

SECRET

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6. (Secret - GLC) Checked with Mr. Harry Symmes, State, and General James Lawrence, DOD, concerning the joint State/Defense cable on organizational changes at Udorn. Mr. Symmes had no information on the subject but General Lawrence indicated that Ed Braswell, Chief Counsel of the Senate Armed Services Committee, had been briefed on this last Friday and briefings of Russ Blandford, Chief Counsel, House Armed Services Committee, and Senators Fulbright and Symington were planned. This information was passed on to [REDACTED] FE Division.

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7. (Confidential - GLC) [REDACTED] External Affairs Division, DIA, called regarding the Director's memorandum to General D. V. Bennett on the subject of the release of intelligence documents to the House Subcommittee on Foreign Operations and Government Information. [REDACTED] asked if the Director's recommendations against providing this material to the Subcommittee would include extracts which have been made of the document. He also asked if DOD could "hide behind the Agency's skirts" in refusing to provide the document. I told Freed I would check on this and be back in touch with him in the morning.

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[REDACTED]

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JOHN M. MAURY
Legislative Counsel

cc:
ER
O/DDCI

25X1A

[REDACTED]
Mr. Houston
Mr. Goodwin
DDI
DDS
DDS&T
EA/DDP
OPPB

SECRET

In
Committee

OEO: TWO-YEAR EXTENSION; LEGAL SERVICES TRANSFER

The Senate Labor and Public Welfare Committee July 30 by a 17-0 roll-call vote reported a bill (S 2007—S Rept 92-331) extending the Office of Economic Opportunity (OEO) for two years through fiscal 1973.

The two-year extension covered anti-poverty programs administered by OEO, the Head Start program operated by the Department of Health, Education and Welfare and manpower training programs administered by the Department of Labor.

The bill provided for the transfer of a legal services program for the poor now operated by OEO to a nonprofit National Legal Services Corporation. The bill proposed a major expansion of the Neighborhood Youth Corps with emphasis on combining remedial education and job training. S 2007 also established an expanded program of comprehensive child development centers.

The committee estimated the cost of the bill at \$3.03-billion for fiscal 1972 and \$3.12-billion for fiscal 1973.

Background. Congress approved a two-year extension through fiscal 1971 for OEO on Dec. 20, 1969 (PL 91-177). The bill authorized a total of \$2,195,500,000 for fiscal 1970 and \$2,831,900,000 for fiscal 1971. Appropriations for fiscal 1970 totaled \$1,948,000,000 and for fiscal 1971, \$1,323,400,000.

President Nixon March 18, 1971, requested a two-year extension for OEO when its legal and fiscal authority expired June 30, 1971. The fiscal 1972 budget contained a \$780,410,000 request for OEO, a \$376,817,000 request for the Head Start program operated by HEW and a \$843,803,500 request for manpower training programs operated by the Department of Labor, all of which were to be funded under the Economic Opportunity Act Amendments of 1971.

Funds have not yet been appropriated for these programs in fiscal 1972.

References. *Budget request, Weekly Report* p. 298; *OEO extension hearings*, p. 976, 936, 804, 740.

Major Provisions. As reported by the Senate Labor and Public Welfare Committee, S 2007:

- Authorized \$950-million for fiscal 1972 and the same amount for fiscal 1973 for OEO.
- Authorized for the Head Start program operated by the Department of Health, Education and Welfare \$500-million for fiscal 1972 and \$2-billion for combined Head Start-child development programs in fiscal 1973.
- Authorized \$900-million in fiscal 1972 for manpower training programs operated by the Department of Labor and an additional \$500-million in fiscal 1972 for expansion of the Neighborhood Youth Corps.
- Established a new nonprofit National Legal Services Corporation to take over a legal services program for the poor now operated by OEO.
- Combined the special impact and rural loan programs in a Community Economic Development program.

OEO. Of the \$950-million authorized for each of the fiscal years 1972 and 1973, the largest amounts earmarked each year for OEO programs included: \$328.9-million for local initiative programs; \$117.6-million for training and technical assistance and state OEO programs; \$114-million for comprehensive health services, and \$62.5-million for emergency food and medical services.

Manpower. The committee said that "federal manpower programs had not been expanded in any significant way to cope with the unemployment increase." The bill proposed a major expansion of the Neighborhood Youth Corps in fiscal 1972 with an additional authorization of \$500-million to create 100,000 additional work and training opportunities. The committee said that in fiscal 1973 the manpower training programs would be authorized in a separate comprehensive manpower training act.

Legal Services. S 2007 would establish a private, nonprofit corporation, the National Legal Services Corporation, to replace the legal services program administered by OEO. The corporation was authorized to make grants and contracts to provide comprehensive legal services for low-income persons. The corporation would become operative six months after enactment of the bill and OEO would continue to provide legal services for the poor during the interim period. Funds for the corporation would come from an annual congressional appropriation. A 15-member board would administer the new legal agency.

Child Development. The bill authorized a comprehensive child development program that expanded the Head Start program. It provided that children from all income levels would be eligible to participate but priority would be placed on accepting children from families below the Labor Department's minimum living standard. S 2007 authorized \$2-billion for this program in fiscal 1973 and \$100-million in fiscal 1972 for planning and training costs.

Community Economic Development. The bill combined the special impact program and the rural loan program into a Community Economic Development program. The authority for grants as well as loans to rural cooperatives was expanded. The authorization for the program was set at \$60-million for fiscal 1972 and \$120-million for fiscal 1973. The committee included language in the bill to assure that rural areas received equitable treatment in the expenditure of Community Economic Development funds. ✓

CIA SUBCOMMITTEE

Rep. Lucien N. Nedzi (D Mich.) has been named chairman of the newly formed House Armed Services Subcommittee on Intelligence Operations.

The subcommittee is responsible for reviewing the programs—not necessarily the budgets—of all intelligence operations paid for by the United States. Included on the list of agencies under the subcommittee's hypothetical jurisdiction are the Central Intelligence Agency (CIA), the armed forces intelligence branches and the National Security Agency.

Until January the House Armed Services Committee had a CIA Oversight Subcommittee. The late L. Mendel Rivers (D S.C.) was chairman of both the full committee and the subcommittee. When Rivers died Dec. 28, 1970, one of the first things his successor—F. Edward Hebert (D La.)—did was abolish the oversight subcommittee.

According to John R. Blandford, chief counsel for the committee, the oversight function of the subcommittee was taken up by the full committee during the seven-month interim.

Nedzi was the only member of the new subcommittee who did not serve on the Rivers oversight group. Two committee members who served on the old subcommittee were dropped from the new lineup. They were Charles E. Bennett (D Fla.) and Bob Wilson (R Calif.).

The new subcommittee members were Nedzi, William G. Bray (R Ind.), Alvin E. O'Konski (R Wis.), Melvin Price (D Ill.), O. C. Fisher (D Texas) and two ex officio members—Hebert and ranking minority member Leslie C. Arends (R Ill.).

LAW ENFORCEMENT GRANTS

The House Legal and Monetary Affairs Subcommittee of the Government Operations Committee continued hearings July 27-29 on the block-grant program of the Law Enforcement Assistance Administration (LEAA).

Reference. *Previous testimony, Weekly Report p. 1606.*

Testimony July 27

Norman E. Mugleston, director, New Mexico Governor's Policy Board for Law Enforcement, explained deficiencies in his state's law enforcement assistance program under a previous state administration:

A total of \$41,000 in LEAA funds was wasted on consulting firms which drew up unacceptable state plans for administering federal grants. Local planning agencies tried to become autonomous in making decisions for expenditures in their areas, disregarding state and national crime-fighting priorities.

July 28

Gov. Russell W. Peterson (R) of Delaware, representing the National Governors' Conference, supported the LEAA:

"We believe the block grant is the most flexible and effective tool for dealing with the intergovernmental problem of crime reduction." LEAA is a young, rapidly expanding agency. One should not condone misuse of funds under the program, but in general LEAA's programs should be commended.

William Greeman, executive director, Indiana Criminal Justice Planning Agency, supported the LEAA:

"This program is doing more for the criminal justice system in Indiana than any other state or federal program."

Related Development. The subcommittee introduced the log of

LEAA funds which showed that during the craft's first 46 hours of flight time, Gov. Edgar D. Whitcomb (R) and Greeman were the primary passengers 65 percent of the time.

John S. Monagan (D Conn.), subcommittee chairman, said the plane's use varied considerably from the state's justification when it received \$84,000 of the \$139,500 purchase price from the LEAA. The state's application said it was for added mobility for state police criminal work, he said.

Fernand J. St Germain (D R.I.), a member of the subcommittee, said that while the use of the plane was not illegal, it was "ludicrous" and bad for LEAA's image. Under the block-grant approach, it was necessary for states to police themselves, he added.

July 29

Wayne Hopkins, U.S. Chamber of Commerce, supported the LEAA (*Lobby affiliation, 1969 Almanac p. 1144*):

"Law enforcement can best be improved through the efforts of people at the local and state levels. We are convinced that the block-grant concept for helping state and local law enforcement is the most desirable approach for using federal funds."

Lt. Gov. James H. Brickley of Michigan, chairman of the Michigan Commission on Law Enforcement and Criminal Justice, urged lowered matching requirements:

Congress should lower matching requirements for local and state governments for LEAA funds to 10 percent from 25 percent. Requirements for a 75 percent federal and 25 percent state or local sharing "are the source of many, if not most, of the complaints about the crime control program." Lowered matching requirements would assure more local commitment. Also, the 10 percent match should be in cash.

SECURITIES THEFTS

The Senate Government Operations Subcommittee on Permanent Investigations continued hearings Aug. 2-4 on involvement of organized crime in thefts of negotiable securities.

Reference. *Previous testimony, Weekly Report p. 1667.*

Testimony Aug. 2

Sidney L. DeLove, president, Cook County Federal Savings and Loan Association, Chicago, said he never checked whether a \$2-million fraudulent bond certificate was real or bogus when he deposited it as collateral for loans to a friend. The certificate, according to previous testimony by confidence man Edward Wuensche, was part of a \$5,250,000 package of counterfeit securities deposited in the Devon Bank, Chicago, by DeLove. The loans were for Thomas Redmond, an Anderson, Ind., insurance man and friend of DeLove and Wuensche. DeLove swore under oath the bank knew he was not the owner of the securities.

Aug. 3

Richard A. Loundy, executive vice president, Devon Bank, testified that his bank made loans of \$300,000 on the basis of the bonds deposited by DeLove as collateral, but at no time did the bank know they were worthless or that DeLove was not their owner. DeLove's net worth was more than \$1-million and the bank did not hesitate to accommodate his request, he